

Commerce & Industry Board Meeting Minutes
Baton Rouge, Louisiana
July 28, 2004

Board Members Present: Noel A. Murano, Leonard Kleinpeter, Ernest Broussard, Jr., Carlton Gibson, Arthur Cooper, Matthew Jones, Martin Johnson, Rustin Johnson, Alvin Kessler, Philip Montelepre, Alice Pecoraro, Leroy St. Pierre, Mayor Ronnie Harris, Michael Thompson, and Wade Trahan.

Board Members Absent: Millie Atkins, Sibal Holt, John Landry, Gale Potts Roque, and Stewart Scott.

LED Staff Present: Mike Williams, Darryl Manning, Skip Smart, and Gwen Brinkley.

Guest Present: William M. Backstrom, Jr, Adam Wilson, Frank B. Rice, Craig Hubbard, Jennifer Neil, and Bryant Purvis.

Call to Order: Chairman Murano call the meeting to order at 1:30

Roll Call: Fifteen board members were present at the time of roll call

Tax Equalization

Mike Williams, Director of Resource Services, presented one Tax Equalization Application. This application meets the requirements of the Tax Equalization Program. The purpose of this program is to attract business expansion, including the relocation of the corporate headquarters to Louisiana. The applicant, SCP Pool, ("SCP") has agreed to move its subsidiaries, Alliance Trading, Inc., Cypress, Inc., and Superior Commerce LLC, to Louisiana from their previous corporate headquarters in Nevada. As part of this arrangement, Governor Blanco has determined that it is in the best interest of the State to reach agreement with SCP in order to maintain SCP's corporate headquarters (and 160 employees) in the Covington area. As part of this, the agreement will include equalization of SCP's taxes. Comparative studies have been conducted contrasting the projected tax liability of SCP in Louisiana and in Florida (where the company was searching available locations for moving corporate headquarters).

The program allows for a five year contract with an additional five year renewal. The total tax equalization for the ten years is \$5.6 million. The Department recommends the approval of the SCP Pool Corporation application.

Mr. Craig Hubert, Chief financial Officer for SCP Pool addressed the board. Mr. Craig Hubert told the board that SCP in its current form is considered a home grown company. The company was formed in 1980. The first branch was opened in 1981 in Metairie. From 1981 to 1993 the company grew internally by opening one to two new service centers each year. At the end of 1993, in order to take some of the money out of the corporation, the company was sold and SCP Pool Corporation, a current holding company was formed which bought the assets of South

Central Pool Supply, Inc. At that point, there were 206 branches and the company had about 40 to 50 billion a year in sales. A venture capital company in Chicago owns 75% of the new company and the management of the old South Central Pool Supply, Inc. owns the other 25%. The company currently has 198 service centers located primarily in the United States, Canada, Mexico, UK, France, Portugal and Spain. The revenues for 2004 total 1.3 to 1.4 billion.

On behalf of Governor Blanco, Mr. Kleinpeter thanked SCP for the opportunity to work with the company and gave appreciation to the board for taking the initiative to take care of our own.

A motion was made by Mr. Montelepre, seconded by Mr. Thompson to approve the new Tax Equalization application. Motion carried unanimously.

Meeting Adjourned